

Message Text

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ACTION SP-02

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SUBJECT: FOREIGN ECONOMIC POLICY TOWARDS AFRICA

REF: STATE 164983

1. WE ARE IN FULL ACCORD WITH THE POLICY THRUST OUTLINED BY
DEPARTMENT'S POLICY PLANNING STAFF ON U.S. ECONOMIC POLICIES
TOWARD AFRICA. IT IS CONSISTENT WITH OUR THINKING AND HAS
BEEN REFLECTED IN OUR RECENT ECONOMIC ASSISTANCE SUBMISSIONS.

2. WE PARTICULARLY WELCOME THE EMPHASIS ON INFRASTRUCTURE.
TRANSPORTATION IS A MAJOR BOTTLENECK TO SUDAN'S DEVELOPMENT.
SUDAN, LARGER THAN THE U.S. EAST OF THE MISSISSIPPI, HAS
PAVED ROADS EQUAL ONLY ROUGHLY TO THE DISTANCE FROM WASHINGTON,
D.C. TO PHILADELPHIA. VAST AREAS ARE INACCESSIBLE DURING THE
RAINY SEASON, AND DURING THE REST OF THE YEAR CAN BE REACHED
ONLY AT GREAT TIME, EXPENSE, AND EFFORT. ECONOMIC AND BHN'S
CONSEQUENCES ARE OBVIOUS. FOR EXAMPLE, THIS YEAR'S GROUND-
NUT CROP IN THE WESTERN PROVINCES IS DETERIORATING IN OPEN
STORAGE BECAUSE OF INADEQUATE RR CAPACITY AND NO
ALTERNATIVE TRANSPORTATION. THEREFORE, LOCAL PRICES

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ARE DEPRESSED AND FARMERS (ALL SMALL) WHO HAVE GROWN
THIS CROP WILL BARELY BREAK EVEN, IF THAT. SUBSTANTIAL
IMPROVEMENTS IN SUBSISTENCE FARMING PROBABLY ARE NOT
POSSIBLE WITHOUT ALL WEATHER ACCESS TO MARKETS. THE
GROWING OF A CASH CROP IN THE WEST, AS WELL AS IN THE
SOUTH, IS SIMPLY OUT OF THE QUESTION WHERE HEAVY RAINS
CUT OFF WHOLE AREAS FOR SIX MONTHS AND LONGER. THE

SOUTH'S TRANSPORTATION LINKS TO THE NORTH, ITS NATURAL MARKET QGR MANY COMMODITIES, ARE MINIMAL, LIMITING MEANINGFUL DEVELOPMENT AND IMPEDING INTEGRATION OF THE TWO REGIONS, WHICH IS BOTH POLITICALLY AND ECONOMICALLY IMPORTANT. EVEN RELIEF EFFORTS IN THE SOUTH ARE LIMITED BY THIS CONSTRAINT. FOR EXAMPLE, TRANSPORTATION PROBLEMS PREVENT THE CATHOLIC RELIEF SERVICE AND WORLD FOOD PROGRAM FROM EXPANDING THEIR USEFUL PROGRAMS, THEY GREATLY HANDI-CAP DONORS' ABILITY TO WORK IN EFFECTIVELY WITH THE RURAL POOR, AND CREATE POCKETS OF FAMINE ON OCCASION. IT IS IMPOSSIBLE TO VISUALIZE SUDAN APPROACHING ITS DEVELOPMENTAL POTENTIAL WITHOUT A MAJOR EXPANSION OF ITS TRANSPORTATION INFRASTRUCTURE.

3. ALSO, WE ARE PARTICULARLY CONCERNED WITH SUDAN'S BALANCE OF PAYMENTS PROBLEMS WHICH HAVE DEVELOPED IN PART BECAUSE OF RAPID DEVELOPMENT EXPENDITURES. AN ENLARGED PL-480 PROGRAM HAS BEEN PROPOSED TOGETHER WITH SECTOR ASSISTANCE IN PART TO ADDRESS THIS OVERRIDING PROBLEM IN THE NEXT FEW YEARS. THE REFTEL IS MOST ENCOURAGING IN THIS AREA AND AF'S ASSISTANCE WILL BE REQUIRED IN MOVING THESE REQUESTS FORWARD. SUDAN CANNOT GENERATE ALL OF THE LOCAL COST FINANCING REQUIRED BY ITS DEVELOPMENT PROGRAM AND WE ARE FINDING THAT SO-CALLED LOCAL COSTS HAVE A HIGH MARGINAL PROPENSITY TO IMPORT.

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4. LIKE OTHER LDC'S SUDAN IS DEPENDENT ON VERY FEW EXPORT CROPS. LITTLE OPPORTUNITY PROBABLY EXISTS IN THE SHORT RUN FOR FURTHER DIVERSIFICATION BUT EXPANSION OF OILSEED AND GUM ARABIC EXPORTS ARE POSSIBLE WITH SUPPORT ALONG LINES DESCRIBED IN REFTEL. OPIC'S ROLE IN FURTHERING THE PROCESSING OF AGRICULTURAL PRODUCTS ALSO SHOULD BE CONSIDERED.

5. SUDAN'S MANPOWER SITUATION DIFFERS FROM MANY AFRICAN COUNTRIES- I.E. UNEMPLOYMENT IS NEGLIGIBLE. SHORTAGE OF TRAINED, AND AT TIMES UNSKILLED WORKERS, ARISE AS A RESULT OF THE FLOW OF LABOR TO ARAB STATES. THE GOS FINDS IT DIFFICULT TO LIMIT THIS MOVEMENT EVEN THOUGH IT IMPINGES ON ITS OWN DEVELOPMENT EFFORT. (OVER TIME THERE SHOULD BE A RETURN FLOW AS PERSONAL INCOME OBJECTIVES ARE ACHIEVED.) U.S. TRAINING CAN HELP AT THE MARGIN. BUT STRENGTHENED SUDANESE TRAINING AND EDUCATIONAL INSTITUTIONS CAN PLAY A MORE IMPORTANT ROLE. WE WISH TO ASSIST THE NEWLY-ESTABLISHED GEZIRA UNIVERSITY FOR THIS REASON.

6. AS THE LARGEST COUNTRY IN AFRICA BY AREA, SUDAN OF COURSE IS NOT A MINI STATE. ITS ECONOMIC TIES AND

NATURAL MARKET ARE WITH THE ARAB WORLD, AND THE U.S. PROBABLY CAN CONTRIBUTE LITTLE DIRECTLY TO THIS RELATIONSHIP. REGIONAL COOPERATION IN THE AFRICAN CONTEXT PROBABLY HAS MORE MEANING FOR OTHER COUNTRIES.

7. OUR CURRENT AID STRATEGY INCLUDES HEALTH AS A SECTOR OF EMPHASIS, ALTHOUGH AS YET WE HAVE NO FIRM PLANS TO HELP ERADICATE THE SEVERAL DISEASES (MALARIA, BILHARZIA, RIVER BLINDNESS) WHICH PLAGUE MUCH OF THE COUNTRY. COSTS OF SUCH PROGRAMS APPEAR BEYOND SUDANESE AND DONOR MEANS. PERHAPS A WORTHWHILE PROGRAM WITH MORE LIMITED OBJECTIVES CAN BE FOUND.

8. FINALLY, WITH LIMITED HYDRO POWER POTENTIAL AND FOREST LIMITED OFFICIAL USE

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RESERVES, ALTERNATIVE ENERGY SOURCES WILL BECOME INCREASINGLY IMPORTANT FOR THE SUDAN. THEIR HOPES RIDE HIGH ON FINDING OIL BUT OTHER MEANS MUST BE CONSIDERED. ONE CANNOT HELP BUT THINK OF WIND AND SOLAR ENERGY IN THE SUDAN, ALTHOUGH CURRENT TECHNOLOGY HAS LIMITED APPLICATION HERE AS WE UNDERSTAND IT. BERGUS

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